

## Message Text

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PAGE 01 STATE 039843

61

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S/S: P. P. SARROS

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FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

C O N F I D E N T I A L STATE 039843

STADIS//////////

EXDIS

E.O. 11652:GDS

TAGS: MASS, BL

SUBJECT: FY 74 MAP

REF: A. LA PAZ 900 B. LA PAZ 977

FOR AMBASSADOR STEDMAN FROM ASSISTANT SECRETARY KUBISCH

1. AS PROMISED IN BUENOS AIRES, I HAVE REVIEWED THE MAP FUNDING SITUATION (REFTEL A) AND INVESTIGATED POSSIBLE MEANS TO INCREASE BOLIVIA'S FY 74 MAP MATARIEL ALLOCATION. THE REDUCTION FROM THE \$4.0 MILLION PROGRAM LEVEL APPROVED IN THE BOLIVIA CASP AND THE \$3.5 MILLION CONTINUING RESOLUTION LEVEL WAS DICTATED BY WORLD-WIDE REDUCTIONS AND HIGH PRIORITY REQUIREMENTS IN CAMBODIA AND THE MIDDLE EAST. AS A RESULT, THE MAP MATERIEL LEVEL FOR ARA WAS REDUCED FROM THE \$10 MILLION ORIGINALLY REQUESTED TO \$4.1 MILLION. DESPITE THIS SHARP REDUCTION FOR THE REGION, BOLIVIA'S SHARE OF THE TOTAL INCREASED FROM 40 TO 56 PERCENT. THIS, I BELIEVE, CLEARLY ILLUSTRATES THE HIGH PRIORITY BOLIVIA

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 039843

HAS IN TERMS OF OUR HEMISPHERIC MAP ALLOCATIONS.

2. WHILE THEORETICALLY POSSIBLE TO INCREASE BOLIVIA'S LEVEL BY REALLOCATING AVAILABLE RESOURCES, I DO NOT BELIEVE THIS OFFERS A PRACTICAL SOLUTION. IT WOULD BE DIFFICULT TO ARGUE, FOR EXAMPLE, THAT BOLIVIA'S REQUIREMENTS SHOULD TAKE PRECEDENCE OVER THOSE OF CAMBODIA OR THE MIDDLE EAST. NOR WOULD IT BE ACCEPTABLE TO REALLOCATE

WITHIN THE ARA TOTAL. THE NEXT LARGEST MATERIEL PROGRAM, NICARAGUA, IS \$360 THOUSAND. THUS TO INCREASE BOLIVIA'S LEVEL AS YOU HAVE REQUESTED WOULD REQUIRE ELIMINATION OF MAP MATERIEL PROGRAMS IN SEVERAL COUNTRIES WHERE THEY SERVE IMPORTANT U.S. INTERESTS.

3. I CONTINUE TO BE SYMPATHETIC TO BOLIVIAN VIEWS AND CONCERNED ABOUT THE POSSIBLE PROBLEMS YOU RAISED IN REFTEL A. NEVERTHELESS, I DO NOT SEE ANY SOLUTION BEYOND DOING OUR BEST TO MINIMIZE THE POSSIBLE ADVERSE EFFECTS ON OUR INTERESTS IN BOLIVIA, AND THIS WE HAVE DONE. IN SEEKING TO EXPLAIN THE REDUCED FY 74 MAP MATERIEL LEVEL TO THE GOB, YOU MAY DRAW ON THE ABOVE. BOLIVIA'S INCREASED SHARE OF THE TOTAL ARA ALLOCATION, IT SEEMS TO ME, WILL BE ESPECIALLY USEFUL IN REASSURING THE GOB OF OUR CONTINUING DESIRE TO BE OF ASSISTANCE.

4. IN VIEW OF CONGRESSIONAL PRESSURE TO REDUCE MAP AND THE FACT THAT OUR MAP MATERIEL GRANTS TO BOLIVIA SINCE FY 71 HAVE EXCEEDED THE TOTAL PRESCRIBED IN NSDM 114, I BELIEVE YOU AND YOUR COUNTRY TEAM SHOULD MAKE A CONCERTED EFFORT TO PREPARE THE GOB TO SWITCH FROM MAP GRANTS TO FMS CREDIT OR CASH SALES. BOLIVIA'S EXPECTED WINDFALL PETROLEUM EXPORT EARNINGS AND THE RECENT INSPECTION REPORT RECOMMENDATIONS ALSO MILITATE AGAINST CONTINUATION OF THE MAP MATERIEL PROGRAM AT ITS CURRENT LEVEL. TO THIS END WE WILL SEEK TO PROGRAM A MODEST AMOUNT OF FMS CREDIT FOR BOLIVIA IN FY 75. WE WILL, OF COURSE, ATTEMPT TO PHASE THIS CHANGE OVER THE NEXT FEW YEARS, BUT THESE PLANS ARE CONTINGENT ON CONGRESSIONAL APPROVAL OF MAP LEVELS AND UPON APPROPRIATION OF SUFFICIENT FUNDS, NEITHER OF WHICH IS BY ANY MEANS ASSURED.

CONFIDENTIAL

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PAGE 03 STATE 039843

5. THE RECENT REQUIREMENT THAT CERTAIN EXCESS MATERIEL ITEMS BE CHARGED AGAINST THE MAP MATERIEL PROGRAM ALLOCATION (REFTEL B) IS THE RESULT OF CHANGES IN THE FOREIGN MILITARY SALES ACT. WE ARE, HOWEVER, REVIEWING THE QUESTION OF CHARGES FOR ITEMS ORDERED BEFORE THE DATE OF THE AMENDMENT, DECEMBER 17, 197,. DOD IS ALSO REVIEWING ITS PRICING POLICIES FOR SUCH MATERIEL IN AN EFFORT

TO MINIMIZE THE IMPACT ON MAP PROGRAMS. I SHARE YOUR  
CONCERN AS TO THE POSSIBLE EFFECTS OF THIS NEW LEGISLA-  
TION, BUT IT IS A REALITY TO WHICH WE MUST ACCOMODATE.  
CASEY

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